

**Exhibit 4**

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**Pacific Gas and Electric Company**

77 Beale Street  
P.O. Box 770000  
San Francisco, CA 94177



April 11, 1994

Finance Director

Re: Senate Bill 278 (Franchise Fee Surcharge)

Dear Finance Director:

In 1993, the California State Legislature passed Senate Bill 278 which requires utilities calculate and collect a franchise fee surcharge on behalf of local municipalities for energy transported by utilities but procured from other sources by customers. The intent of SB278 is to protect cities and counties from revenue losses due to customers choosing to buy gas from a non-utility source. In addition, the bill also allows cities and counties to collect the franchise surcharge retro-active to August 1, 1993.

Enclosed is a report listing those customers and their transportation volumes whom you can bill and collect a retro-active surcharge. This report provides you with the names and service addresses of transportation customers who procured their own gas, their PG&E account numbers, the volume of transported gas in therms and its associated billing period.

The following table lists PG&E's tariffed core subscription weighted average cost of gas (WACOG) exclusive of any California sourced franchise factor, the franchise fee factor adopted in PG&E's latest General Rate Case, and the Surcharge Rate you will need to calculate the retro-active surcharge.

Month	WACOG	Franchise Factor	Surcharge Rate*
Mar-94	0.21054	0.00738	0.00155
Feb-94	0.20422	0.00738	0.00151
Jan-94	0.23795	0.00738	0.00176
Dec-93	0.18858	0.00738	0.00139
Nov-93	0.18809	0.00738	0.00139
Oct-93	0.18523	0.00738	0.00137
Sep-93	0.17655	0.00738	0.0013
Aug-93	0.18146	0.00738	0.00134

\*The Surcharge Rate = WACOG \* Franchise Factor, rounded to 5 decimal places.



To compute the monthly franchise fee surcharge, take the Surcharge Rate for the appropriate billing month from the above table, look up the corresponding therms for that billing month from the enclosed report, and use the following formula:

$$\text{Franchise Fee Surcharge} = \text{Total Monthly therms} * \text{Surcharge Rate}$$

Our business closing cycle limits us to providing you with your customers' transportation volumes for the period 8/1/93 through 2/28/94 at this time. As a result, we will issue a second report in mid June covering the full retro-active period, 8/1/93 through 3/31/94. On this second report, we will include the total Franchise Fee Surcharge owed by the customer along with the customer's mailing address, if one exists in our files. We hope this additional information will help streamline your efforts in billing and collecting the surcharge.

If you have any questions, please call Eileen Cotroneo at (415) 973-2364.

Sincerely,



Joyce MacRea  
Senate Bill 278 Project Manager

Enclosures